

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Sherwood Post Office
Sherwood, Michigan 49089
(Kathryn Barnes, Petitioner)

Docket No. A2012-83

UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL
(January 23, 2012)

By means of PRC Order No. 1032 (December 8, 2011), the Postal Regulatory Commission docketed correspondence¹ from a customer of the Sherwood, Michigan Post Office, assigning PRC Docket No. A2012-83 as an appeal pursuant to 39 U.S.C. § 404(d). In accordance with PRC Order No. 1032, the administrative record was filed with the Commission on December 13, 2011. No participant statement or brief was filed in this docket.

The initial correspondence received by the Commission in this docket raises three main issues: (1) the effect on postal services, (2) the impact upon the Sherwood community, and (3) the calculation of economic savings. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and Commission precedent,² the Postal Service gave consideration to a number of other issues, including the effect on employees. Accordingly, the Final Determination to Close the Sherwood, MI Post Office and Establish Service by Rural Route Service should be affirmed.

¹ Petition for Review Received from Kathryn Barnes Regarding the Sherwood, MI Post Office 49089, PRC Docket No. A2012-83 (November 28, 2011).

² See 39 U.S.C. § 404(d)(2)(A).

Background

The Final Determination to Close the Sherwood, MI Post Office and Establish Service by Rural Route Service (Final Determination) and the administrative record indicate that the Sherwood Post Office provides EAS-13 level service 35 hours per week to retail customers, 99 Post Office Box or general delivery customers, and 576 delivery customers. Item No. 41, Proposal to Close the Sherwood, MI Post Office and Establish Service by Rural Route Service (Revised) (Revised Proposal), at 2.³ The postmaster position at the Sherwood Post Office became vacant when the postmaster was promoted on March 13, 2010. *Id.* Since that time, a noncareer postmaster relief employee has been installed to operate the Sherwood Post Office. *Id.* at 11.

The average number of daily retail window transactions at the Sherwood Post Office is 18. Item No. 41, Revised Proposal, at 2. Revenue has generally declined since 2008: \$32,068 in FY 2008 (84 revenue units); \$32,977 in FY 2009 (86 revenue units); and \$28,081 in FY 2010 (73 revenue units). *Id.* The Sherwood Post Office has no meter or permit customers. Item No. 18, Post Office Closing or Consolidation Proposal Fact Sheet (Fact Sheet), at 1.

Upon implementation of the Final Determination, delivery and retail services will be administered by the Union City Post Office,⁴ an EAS-18 level Post Office. Item No. 41, Revised Proposal, at 2.

³ In these comments, specific items in the administrative record are referred to as "Item No. _____."

⁴ The Union City Post Office is not listed as a candidate for discontinuance as part of the Retail Access Optimization Initiative (PRC Docket No. N2011-1).

The Postal Service followed the proper procedures⁵ leading up to the posting of the Final Determination, considered and addressed the issues raised by the customers of the Sherwood Post Office, and complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. On May 20, 2011, questionnaires were distributed to delivery customers and made available to retail customers of the Sherwood Post Office. Item No. 41, Revised Proposal, at 2. The returned customer questionnaires and Postal Service response letters appear in the administrative record at Item Nos. 21 and 22. On June 2, 2011, representatives from the Postal Service attended a community meeting at the Sherwood Township Hall, where they answered questions and provided information to customers. *Id.* Customers received formal notice of the Proposal and Final Determination, as well as the right to appeal the Final Determination, through postings at the Sherwood Post Office and nearby facilities. Administrative Record, at 489, Proposal to Close the Sherwood, MI Post Office and Establish Service by Rural Route Service (Proposal) (reflecting posting at Sherwood Post Office); Administrative Record, at 491-492, Proposal (reflecting posting at Union City Post Office); Administrative Record, at 540, Final Determination to Close the Sherwood, MI Post Office and Establish Service by Rural Route Service (Final Determination) (reflecting posting at Sherwood Post Office); Administrative Record, at 541, Final Determination (reflecting posting at Union City Post Office).

⁵ This discontinuance action was conducted under an earlier version of the United States Postal Service Handbook PO-101.

In light of the postmaster vacancy, minimal workload, reduction in office revenue,⁶ variety of delivery and retail options (including the convenience of rural delivery and retail service),⁷ minimal impact upon the community, and expected financial savings,⁸ the Postal Service issued the Final Determination. Regular and effective postal services will continue to be provided to the Sherwood community in a cost-effective manner upon implementation of the Final Determination.

Each of the issues raised by the Petitioner is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii), and as addressed throughout the administrative record, the Postal Service considered the effect of discontinuing the Sherwood Post Office on postal services provided to Sherwood customers. The discontinuance is premised upon providing regular and effective postal services to Sherwood customers.

In her appeal, Petitioner raises the issue of the effect on postal services resulting from the Sherwood Post Office's discontinuance, noting the convenience of the Sherwood Post Office and requesting its retention. These concerns were considered by the Postal Service.

The effect of the Sherwood Post Office's discontinuance on the availability of postal services to Sherwood residents was considered extensively by the Postal

⁶ See Item No. 41, Revised Proposal, at 2.

⁷ *Id.* at 2-10.

⁸ *Id.* at 11.

Service. Item No. 41, Revised Proposal, at 2-10. Services provided at the Post Office, such as the sale of stamps, envelopes, postal cards, and money orders, will also be available from the carrier to a roadside mailbox located close to customers' residences. *Id.* Various options exist for obtaining postal services, which are explained on USPS.com. In addition to carrier service, customers may opt for Post Office Box service at the nearby Union City Post Office, or use alternate access options, including USPS.com and Stamps By Mail®. The window service hours of the Union City Post Office are from 9:00 a.m. to 4:30 p.m., Monday through Friday, and 9:00 a.m. to 12 p.m. on Saturday. *Id.* In addition, customers opting for carrier service will have 24-hour access to their mail. *Id.*

With respect to the Petitioner's concerns about mail security, the Postal Service advised customers that they may place a lock on their mailboxes. The mailbox must have a slot large enough to accommodate the customer's normal daily mail volume. Item No. 41, Revised Proposal, at 4. The Postal Service also sent a questionnaire to the Branch County Sheriff concerning mail theft and vandalism in the suspended Post Office area. The Branch County Sheriff indicated that there has been minimal mail theft or vandalism activity in the area. See Item No. 14. To minimize damage from snow plows, customers have the option of installing their mailboxes on swinging poles.

The Postal Service has considered the impact of discontinuing the Sherwood Post Office upon the provision of postal services to Sherwood customers. Delivery and alternate access options provide Sherwood customers with similar access to retail service, alleviating the need to travel to the Post Office. Item No. 41, Revised Proposal,

at 4-5. Thus, the Postal Service has properly concluded that Sherwood customers will continue to receive regular and effective service.

Effect Upon the Sherwood Community

The Postal Service is obligated to consider the effect of its decision to discontinue the Sherwood Post Office upon the Sherwood community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to discontinue a Post Office.

Sherwood is an unincorporated community located in Branch County. Item No. 41, Revised Proposal, at 10. The Branch County Sheriff provides police protection, and Sherwood Township provides fire protection. *Id.* In general, Sherwood residents must travel elsewhere for many supplies and services. See Item Nos. 21 and 22, Customer Responses to Questionnaires (reflecting customer responses to questionnaires indicating that they travel outside of Sherwood for many supplies and services).

Petitioner's appeal raises the issue of the effect of the discontinuance of the Sherwood Post Office upon the Sherwood community. This issue was considered by the Postal Service, as reflected in the administrative record. Item No. 41, Revised Proposal, at 2-10. The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. *Id.* Communities generally require regular and effective postal services, and these will continue to be provided to the Sherwood community.

Petitioner expresses a concern about the Postal Service's consideration of the Sherwood Post Office discontinuance's effect on businesses in the community, and its omission of some community businesses in the administrative record. The Postal Service considered the effect of the discontinuance on businesses in the community, and found no indication that the discontinuance would have an adverse effect. See Item Nos. 21 and 22, Customer Responses to Questionnaires. In responses to questionnaires, customers indicated that in general, the decision regarding the discontinuance of the Sherwood Post Office would not affect their use of local businesses. See *id.*

Petitioner also argues that the Postal Service's decision to extend service by Rural Route service failed to consider environmental effects. However, Petitioner's suggestion that the Postal Service's decision will have a detrimental effect on the environment is speculative. In fact, the extension of Rural Route service in the Sherwood community could have positive effects on the environment, as more Sherwood Post Office Box customers may opt for carrier service, thereby reducing the fossil fuels used in commuting to the Post Office for delivery and retail services.

Petitioner also contends that the Postal Service "does not care about rural communities." Petition for Review Received from Kathryn Barnes Regarding the Sherwood, MI Post Office 49089, PRC Docket No. A2012-83 (November 28, 2011). The Postal Service notes, however, that Post Offices are reviewed on a case-by-case basis. When there is a vacancy in a small office, it is customary to conduct a study of the business activity and investigate the feasibility of providing service by alternate

means. This analysis is not limited to Post Offices. Retail units in urban areas are also considered for closure. In fact, the Postal Service is in the process of analyzing closing numerous retail facilities located in urban areas. See PRC Docket No. N2011-1. In this case, it was determined that the Postal Service could continue to provide a maximum degree of effective and regular postal services to the community through cost effective means.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of discontinuing the Sherwood Post Office on the community served by the Sherwood Post Office.

Economic Savings

Postal Service officials properly considered the economic savings that would result from the proposed discontinuance, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that administering delivery service at the Union City Post Office would cost the Postal Service substantially less than maintaining the Sherwood Post Office, and would still provide regular and effective service. The amount of the estimated annual savings associated with discontinuing the Sherwood Post Office is \$49,755. Item No. 41, Revised Proposal, at 11.

Petitioner Barnes contends that the Postal Service's savings estimates are incorrect because a career postmaster salary was used in the calculation, instead of the lower salary paid to the OIC, and the realization of savings from labor is inconsistent with the Postal Service's statements that it will continue to employ the OIC. However, the economic savings calculation conducted as part of a discontinuance study is

forward-looking; that the Postal Service might have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future. The closing of the Sherwood Post Office results in the elimination of one career slot. If the Post Office is not discontinued, that slot will be filled with a career employee paid the salary and benefits shown for a postmaster.

The Petitioner also states that the savings estimate does not account for additional costs to provide replacement service. However, the cost estimate includes a deduction of \$14,100. Item No. 41, Revised Proposal, at 11. The Postal Service estimates that providing replacement service will require an additional cost resulting from additional boxes and miles on the rural route, but it will not require any extra space or additional employees. See *id.*; Item No. 17, Rural Route Cost Analysis Form.

Petitioner criticizes the Postal Service for failing to account for costs borne by customers to travel to other Post Offices. Such costs are not, however, required to be included in the economic savings calculation. See Order Affirming Determination, PRC Order No. 1037, PRC Docket No. A2011-49 (December 12, 2011) at 13 (“The Commission traditionally has not expected the Postal Service to account for patrons’ costs [incurred in obtaining postal services after a Post Office discontinuance]”). In this case, the Postal Service appropriately applied its financial analysis to calculate the economic savings, as the pertinent statute requires that the “economic savings *to the Postal Service*” be factored in the savings calculation. See 39 U.S.C. § 404(d)(2)(A)(iv) (emphasis supplied).

Petitioner suggests that the Postal Service purchase the building that houses the Sherwood Post Office. The Postal Service has broad experience with options for improving the Postal Service's financial position. In this case, it has determined that carrier service, coupled with service at the nearby Union City Post Office, is a more cost-effective solution. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. Due to the current financial condition of the Postal Service, it would be difficult to justify the purchase of the building housing the Sherwood Post Office.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). Item No. 41, Revised Proposal, at 11. The Postal Service determined that carrier service is more effective than maintaining the Sherwood postal facility and postmaster position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a discontinuance, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster was promoted on March 13, 2010. Item No. 41, Revised Proposal, at 2. Although the noncareer postmaster relief (PMR) may be separated from the Postal

Service upon implementation of the Final Determination, the record shows that no other employee would be affected by this discontinuance. Item No. 41, Revised Proposal, at 11. Accordingly, in making the Final Determination, the Postal Service considered the effect of the discontinuance on the employees of the Sherwood Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of discontinuing the Sherwood Post Office on the provision of postal services and on the Sherwood community, as well as the effect on postal employees, the economic savings that would result from the proposed discontinuance and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Sherwood customers. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record, and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). Accordingly, the Postal Service's decision to discontinue the Sherwood Post Office should be affirmed.

The Postal Service respectfully requests that the Final Determination to discontinue the Sherwood Post Office be affirmed.

Respectfully submitted,

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January 23, 2012